

CURRENCIES

NEWS FROM TENNESSEE DEPARTMENT OF FINANCIAL INSTITUTIONS
FIRST QUARTER, 2006

COMMISSIONER ISSUES REPORT ON TITLE PLEDGE INDUSTRY TO GENERAL ASSEMBLY

Acting Commissioner Greg Gonzales issued a written report to the General Assembly on Feb. 1 regarding the status of the Department's regulation of the title pledge industry, which began Nov. 1, 2005.

Amendments made to the Title Pledge Act outlined the details surrounding the licensing and regulation of title pledge lenders in Tennessee. Some of the amendments to the Act include, but are not limited to the following:

- All title pledge lenders must submit to the Department a completed application with required supporting documentation along with a license fee of \$700 per location
- Applicants must provide financial statements, prepared by a Certified Public Accountant not affiliated with the applicant, showing a tangible net

worth of at least \$75,000 for each location

- Applicants are required to submit a \$25,000 bond or letter of credit per location, capped at \$200,000
- The Commissioner has the authorization to charge actual expenses for examination(s) of licensees

The report was based upon information reflecting the title pledge industry prior to the effective date of the amendments to the Act; therefore, it does not take into consideration the effects of the amendments themselves. Due to the timing of the report, the following provisions in the amendments could not be factored into the report:

- Amendments to the Act such as five percent principal reduction, "commercially reasonable" sale, and regulatory costs such as license fee, net worth and bond requirements,

- and the effect of Compliance examinations

As of Feb. 24, the Department had received license applications from 217 companies representing 615 locations. In addition, the Department began conducting Compliance exams in November 2005 and as of Feb. 24, a total of 198 were completed.

To view the report in its entirety, visit www.tennessee.gov/tdfi.

As mandated by law, the industry will provide the Department with a comprehensive report in October 2007. It will include complete financial data and operating statistics. The Department will also make this information available to the General Assembly and the public.

Credit Matters: Be Smart About It – A Public Service Campaign

Participant Shares Personal Experience

Life was simple for Christian Wilson as a child of the 1970s and the only son of a single mother who spent her early years farming in the South. Money was never discussed in his household since it was sparse and only a means to absolute needs.

Years later, Wilson is a franchise owner of Jan-Pro Cleaning Systems, a Middle Tennessee janitorial services company. Although he is an entrepreneur, he was never taught the basics surrounding personal finance, let alone the basics surrounding business finances.

Wilson is currently enrolled in *Credit Matters: Be Smart About It*, a Department-sponsored financial literacy initiative that primarily targets the Nashville minority community by enrolling participants in a 11-class workshop that is designed to teach consumers information about credit and credit management, insight into how lenders assess credit histories, and how credit plays a role in achieving financial goals. The classes, which are free, use Freddie Mac's CreditSmart® curriculum.

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DHS Credit Union Provides Financial Literacy Services to its Members

Services Offered Through BALANCE Financial Fitness Program

The Tennessee Department of Human Services (DHS) Credit Union, based in Nashville, has expanded services to its members in terms of financial literacy, by joining the BALANCE Financial Fitness Program, which is designed to provide consumers with free comprehensive and professional assistance in managing personal finances. DHS began providing services in September 2005.

The program is a national organization that is composed of partners from the financial industry that have an interest in assisting consumers with matters pertaining to the area of personal finances.

"We have always felt that our obligation to our membership is not limited to our ability to provide services, but also to educate and enable our members



Sherri Brooks, CEO of DHS Credit Union

to make sound financial choices," said Sherri Brooks, CEO of DHS Credit Union.

"It is my opinion that most individuals who are financially sound function more effectively in society than those who struggle with their finances."

The program offers members of the credit union educational information on the following topics:

- The First-Time Homebuyer Process
- Debt Management
- Credit Report Reviews
- Credit Report Clean-Up
- The Impact a Credit Score Can Have on an Individual's Personal Financial Wellness
- Issues that Affect Credit Scores

Brooks said literature is sent to all members of her institution who show signs of financial troubles, including individuals who are denied loans and those who have checking accounts that are over drafted the day after their paychecks are deposited.

"If we can help someone financially, so they are not a bankruptcy statistic, then we are doing our job," Brooks said.

Established in 1969 as the Department of Public Welfare

Credit Union, DHS Credit Union now offers membership to any employee, family member or retired person of the following:

- Tennessee Department of Human Services
- Tennessee Department of Children's Services
- The Arc of Tennessee
- The Arc of Hamilton County
- Omni Visions, Inc.
- Cross Gate Services, Inc.
- DeVil's
- Counsel on Call, Inc.
- Tennessee Centralized Child Support
- Community Services Network
- Special Counsel, Inc.
- Tennessee Education Lottery

To learn more about the BALANCE Program, visit www.dhscu.org.

APRIL is....

Financial Literacy Month

In recognition of Financial Literacy Month, the Department will feature a calendar of events on its web site throughout the month of April.

The calendar will highlight the financial literacy initiatives made by Tennessee institutions and entities by serving as a hub for information pertaining to financial literacy events across the state.

Institutions and entities that are sponsoring financial literacy programs are encouraged to submit the following information to the Department:

- Name of the event
- Event sponsor(s)
- Date and time of the event
- Location
- Admission costs
- Contact person with a telephone number and e-mail
- Web site address if applicable

To view the calendar, visit www.tennessee.gov/tdfi throughout the month of April or to submit information contact Tiara Smith at (615) 253-2023 or 1-800-778-4215 or e-mail her at Tiara.Smith@state.tn.us.

Department Continues Series of Consumer Service Workshops

The Tennessee Department of Financial Institutions and the Tennessee Department of Commerce and Insurance partnered to host the latest in a series of consumer services workshops March 7 at Carnegie Hall Millennium Centre in Johnson City.

The free event was designed to educate Tennesseans on various topics including identity theft, frauds and schemes, and mortgage lending. More than 50 attended.

"This was an opportunity to educate the Tri-Cities residents regarding a number of consumer issues including practical advice on mortgages," said Nicole Lacey, Assistant Commissioner of the Consumer Resources Division.

Cities in which other workshops have been held include Memphis, Martin, Knoxville, Chattanooga and Goodlettsville.



BY MELODY JOHNSON, COMPLIANCE FINANCIAL ANALYST

In response to questions frequently asked about branch licensing and mortgage loan originator registration, the Department provides the following information.

MORTGAGE BRANCH LICENSING

Q: What are the requirements for obtaining a branch license within the State?

A: The company must have \$25,000 in tangible net worth for the headquarters location PLUS an additional \$25,000 in tangible net worth for each branch location in Tennessee. Although, there is no fee associated with obtaining a branch license, the company must submit the following to the Department:

- * A New Mortgage Branch Application Form. This form can be obtained by visiting www.tennessee.gov/tdfi.

- * A compiled financial statement demonstrating that the net worth requirement is met.

Q: Are branches that are not located within Tennessee required to be licensed by the Department?

A: No. Only branches located in Tennessee must be licensed. Out of state branches are covered under the home office license.

Q: Does each branch receive an individual license?

A: Yes, in Tennessee a license will be issued for each branch; however, all licenses are mailed to the company's home office and not the individual branch locations.

MORTGAGE LOAN ORIGINATOR REGISTRATION

Q: What is the basic process of registering as a loan originator and who is responsible for submitting the registration?

A: The mortgage company should complete and submit the two-page Mortgage Loan Originator Registration Form along with \$100 per loan originator registered. This form can be obtained by visiting the Department's web site.

Q: What if the mortgage loan originator doesn't physically work in Tennessee, but conducts business in Tennessee from another state?

A: Any mortgage loan originator conducting business in Tennessee, regardless of where he/she works, must be registered.

Q: Will the registered mortgage loan originator receive a license?

A: Each mortgage loan originator will be issued a registration certificate showing the individual's name, work address and company he/she works for. The certificate will be mailed to the company's home office. It is permissible for the home office to retain the original certificate and send a copy to be posted at the loan originator's workplace.

Q: Can a mortgage loan originator start working before receiving the registration certificate?

A: Only after the individual has been registered in the Department's database and been assigned a certificate number.

Q: Is the registration certificate transferable?

A: No. The registration certificate cannot be transferred when a mortgage loan originator changes companies. The mortgage loan originator must be registered as a new hire (new registration) with the new employer.

Q: What steps need to be taken when a mortgage loan originator no longer provides services for a company?

A: The company is required to return the original registration certificate within 14 business days of the individual's last date of employment. The company should also submit the Notification of Change of Status Form which can be obtained by visiting the Department's web site.

Q: How does a mortgage company register a loan originator who is/has been employed with a different company?

A: Since a mortgage loan originator cannot work for more than one company at a time, the former employer must notify the Department of the individual's departure by returning the original registration certificate as noted above. Once this notification is processed, the new employer must submit the Mortgage Loan Originator Registration Form along with a \$100 registration fee.

Q: How are address changes, name changes and corrections on mortgage loan originator certificates made?

A: By submitting the "Notification of Change of Status" Form to the Department and detailing what needs to be changed on the certificate. The incorrect certificate must be attached to the Form when it is submitted. There is no fee for these types of changes.

Credit Matters: Be Smart About It – A Public Service Campaign

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Wilson's mother died when he was 21. This was a monumental period in his life that required him to rely only on himself, but personal financial management was never anything he was formally taught. Actually, it was never discussed - not even in school.

"Had my mother been taught about the importance of managing personal financial wellness, my childhood would have been different and she could have shared her knowledge with me. My mom could have never taught me these things [money management]. Financial literacy should be taught from grade school through college," Wilson said.

Grateful for the opportunity to be taught financial literacy years later, Wilson said he appreciates the efforts made by community members that have an interest in his personal financial wellness.

"My *Credit Matters* instructor is so careful with us. If she sees that someone isn't sure about what she is discussing, she will stop and break everything down. Some things that are second nature to her are new to us. She is careful to explain everything," he added.

Wilson said he is taking all of the information he is learning in the workshop and applying it to all aspects of his personal, as well as professional life.

"When I complete the workshop, I will be able to teach my 15-year-old daughter the things that I have learned and I look forward to it because I was never taught budgeting, financing or anything related to them. I can pass something on to her that I didn't get as a young person. In addition, I am gaining knowledge that will help me with my business and my future."

Other partners for the *Credit Matters: Be Smart About It* initiative include:

- TheUrban Financial Services Coalition
- Urban League of Middle Tennessee
- AmSouth Bank
- 15th Avenue Baptist CDC
- New Level CDC
- Residential Resources

The first series of classes began in January and will end April 6. The second series will begin April 18 and will run through June. Classes are free and open to the public. For more information about this initiative, contact the Consumer Resources Division at 615-253-2023 or 1-800-778-4215.

Compliance Tidbits

• Industrial Loan and Thrift Renewals

License Renewal Forms will be mailed to Industrial Loan and Thrift companies in April. Companies wishing to renew their licenses must submit completed forms to the Department by June 1, 2006. For more information, please contact the Compliance Division at 615-741-3186.

• Money Transmitter Renewals

Money Transmitters wishing to renew their licenses must submit a Renewal Application Form to the Department by April 15. These forms were mailed to all currently licensed companies in January and are available on the Department's web site: www.tennessee.gov/tdfi. For more information please contact the Compliance Division at (615) 741-3186.

Department Partnered to Present Teacher Conference

Event Offered Tools to Put Financial Literacy into Classrooms

The Department partnered with the Tennessee Jump\$tart Coalition to present *Tennessee Jump\$tart Teacher Conference- Your Toolbox for Building a Financial Foundation* March 23-24 at the University of Memphis.

The conference, which was free and open to Tennessee, Arkansas and Mississippi teachers, featured eight workshops that offered nearly 150 educators the basic skills necessary to teach topics on personal finance in the classroom.

"This conference was the first step in educating students on the subject of financial literacy because teachers have to understand the curriculum before

they can teach it to students," said Christy Minton, President of Tennessee Jump\$tart Coalition.

Nicole Lacey, Assistant Commissioner of the Consumer Resources Division added: "The Department's participation in the conference is especially important given the current state of student scores as it relates to their understanding of financial concepts."

The most recent Jump\$tart survey statistics that are specific to the state of Tennessee indicate that Tennessee high school students scored an average of 51.8 percent overall on the 49-question exam. The 2006 survey was recently conducted and the results have not

been distributed yet.

Other sponsors for the event were:

- UT Martin Hendrix Chair of Excellence in Free Enterprise
- BancorpSouth
- McGraw-Hill Companies
- Federal Reserve Bank of Atlanta
- Federal Reserve Bank of St. Louis
- American General Financial Services
- Tennessee Bankers Association
- Tennessee Consumer Finance Association

For more information on the conference, please contact Christy Minton, President of the Tennessee Jump\$tart Coalition at 901-213-2228.

BANK APPLICATION REPORTS		
Name & Location	Nature of Change	Date Effective/Approved
DECEMBER '05	BankEast, Knoxville, TN Fred R. Lawson elected President and CEO New Branch Facility Open: 10304 Chapman Highway, Seymour, TN New Branch Facility Open: 8845 Kingston Pike, Knoxville, TN	Effective: 12/1/05 Approved: N/A Effective: 12/12/05 Approved: 4/20/05 Effective: 6/3/05 Approved: 4/22/05 Notice Received: 12/27/05
	First Volunteer Bank, Chattanooga, TN Close Branch: 2205 Jacksboro Pike, LaFollette, Tennessee	Effective: 12/31/05 Approved: N/A
	First Farmers & Merchants Bank Columbia, TN New Branch Facility Open: 2001 Campbell Station Parkway Suite A-1, Spring Hill, TN 37174	Effective: 12/14/05 Approved: 10/21/05
	First South Bank, Bolivar, TN Purchase Assets and Assume Liabilities of Two Branches of First Tennessee located at: 1) 205 North Main Street, Dyersburg, TN 2) 602 Hwy. 51 ByPass North, Dyersburg, TN Both will operate as branches of First South Bank, Bolivar, TN	Effective: 12/9/05 Approved: 10/19/05
	American Bank & Trust, Livingston, TN New Branch Facility Open: 860 E. 10th Street, Cookeville, TN	Effective: 12/19/05 Approved: 8/31/05
	Bank of Bartlett, Bartlett, TN New Branch Facility Open: 9915 Highway 64, Memphis, TN	Effective: 12/19/05 Approved: 7/25/05
	Bank of Perry County, Lobelville, TN Relocation of Branch Office from: Highway 13 to 318 Mill Street, Linden, TN	Effective: 11/17/05 Approved: 10/28/04
	TNBank of Oak Ridge, Oak Ridge, TN New Branch Facility Open: 1005 North Cedar Bluff Road Knoxville, TN	Effective: 12/5/05 Approved: 10/20/03
	Commercial Bank, Harrogate, TN New Branch Facility Open: 2320 South US Highway 421 Harlan, Kentucky 40831	Effective: 11/29/05 Approved: 9/16/05

BANK APPLICATION REPORTS

Name & Location	Nature of Change	Date Effective/Approved
JANUARY '06	Reliant Bank 1724 Carothers Parkway, Suite 400 Brentwood, Tennessee 37027 Mr. DeVan D. Ard, Jr. President and CEO	New Bank Opening Effective: 1/9/06 Approved: 11/29/05
	Peoples State Bank of Commerce Trenton, TN Branch Opening at: 7271-A Nolensville Road Nolensville, Tennessee 37135 Charter Amendment to: Redesignate the bank's main office to 7271-A Nolensville Road, Nolensville, Tennessee 37135 and Retaining a Branch at the current main office location at 109 West Eaton Street Trenton, TN	Effective: 1/23/06 Approved: 11/4/05 Effective: 1/23/06 Approved: 11/4/05
	F&M Bank, Clarksville, TN Branch Opening at 225 West Main, Lebanon, TN Branch Closure at 1034 West Main, Lebanon, TN	Effective: 1/30/06 Approved: 9/19/05 Effective: 1/30/06 Approved: N/A
	Community Bank of the Cumberlands Jamestown, TN	Charter Amendment to increase the number of shares of stock the bank is authorized to issue Effective: 12/31/05 Approved: 12/29/05
	First State Bank, Union City, TN	Amended and Restated Charter to put into place current corpo- rate governance provisions. Effective: 12/27/05 Approved: 12/27/05
FEBRUARY '06	MidSouth Bank, Murfreesboro, TN Branch Facility Open: Memorial Boulevard and Castlewood Court Murfreesboro, TN	Effective: 1/23/06 Approved: 12/10/04
	Branch Facility Open: Highway 231 Near the Caroline Street Intersection, Murfreesboro, TN	Effective: 1/18/06 Approved: 12/10/04
	Citizens Bank Hartsville, TN	Betty Hibdon elected President and CEO Effective: 2/6/05 Approved: N/A
	Clayton Bancorp, Inc. Henderson, TN	Acquire Bancshares of Camden, Inc., Camden, TN and indirectly acquire Bank of Camden, Camden, TN. Effective: 1/31/06 Approved: 11/30/05
	Carroll Bank & Trust Huntingdon, TN	Michael E. Carey elected President & CEO. Billy B. Tines, Senior Vice President and Chairman of the Board Effective: 2/16/06 Approved: N/A
FEBRUARY '06	PrimeTrust Bank Nashville, TN	New Branch Facility Open: 2019 Richard Jones Road, Nashville, TN Effective: 2/6/06 Approved: 10/24/05
	F&M Bank Clarksville, TN	New Branch Facility Open: 2698 Madison Street, Highway 41-A, Clarksville, TN Effective: 1/3/06 Approved: 9/17/04
	First State Bank Union City, TN	New Branch Facility Open: 2628 North Central Avenue, Humbolt, TN Effective: 2/13/06 Approved: 10/20/05
	Peoples Bank of East Tennessee Madisonville, TN	New Branch Facility Open: 102 Chilhowee Avenue, Greenback, TN Effective: 1/26/06 Approved: 9/6/05
	Bank of Lincoln County Fayetteville, TN	New Branch Facility Open 120 East Side Square, Petersburg, TN Effective: 2/16/06 Approved: 11/14/05

BANK APPLICATION REPORTS

Name & Location	Nature of Change	Date Effective/Approved
Community First Bank & Trust, Columbia, TN	Temporary Branch Facility Open: 256 Seaboard Lane, Franklin, TN	Effective: 2/1/06 Approved: 10/26/05
FirstBank Lexington, TN	Relocation of Branch Facility From 625 Gay Street to 625 Market Street 1st Floor; both locations in Knoxville, TN	Effective: 1/19/06 Approved: 12/22/05
Community Bank Lexington, TN	New Branch Facility Open: 3200 North Highland Avenue, Jackson, TN	Effective: 2/27/06 Approved: 7/18/05

Department Seeks Information on Homebuyer Education Programs

In an effort to better educate consumers on the home buying process, the Department is gathering information pertaining to homebuyer education programs that are being offered by the institutions and entities in which it regulates.

All information provided will be assembled into a database that will be published on the Department's web site for consumers seeking homebuyer education.

Institutions and entities are encouraged to share the following information about their programs:

- Name of Institution or Entity
- Address
- Phone Number
- Fax Number
- Web Site Address
- Contact Person and Title
- Description of Course Curriculum
- Location of Classes
- Dates
- Target Audience
- Cost to Consumer
- Average Number in Attendance
- Languages the Course is Offered In

- To submit information, e-mail the Consumer Resources Division at tdfi.consumerresources@state.tn.us.

CURRENCIES

Published by the State of TENNESSEE DEPARTMENT OF FINANCIAL INSTITUTIONS

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